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SUBJECT: PM THANKS AMBASSADOR FOR U.S. ROLE IN POLITICAL
AND ECONOMIC REFORM

Classified By: Ambassador William T. Monroe for reasons 1.4 (b) and (d)

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Summary

1. (C) Prime Minister Shaikh Khalifa bin Salman Al Khalifa told the Ambassador September 13 that over the last four years Bahrain had sacrificed economic reform for political reform; he said he hoped in the future there would be a more balanced focus on both. He noted that increased cooperation with Bahrain's neighbors was a top priority. The PM thanked the Ambassador for the U.S. role in Bahrain's economic and political development and noted in particular the U.S.-Bahrain Free Trade Agreement (FTA) and MEPI-funded judicial reform programs administered by the American Bar Association (ABA) and the Commercial Law Development Program (CLDP). End Summary.

Political Reform at the Expense of Economic Reform

2. (C) Prime Minister Shaikh Khalifa bin Salman Al Khalifa opened a September 13 meeting with the Ambassador by expressing his condolences for the catastrophe brought on by Hurricane Katrina and said it was a shock that touched people's hearts all over the world. The Ambassador thanked the PM for Bahrain's \$5 million donation to relief efforts. The PM said that increased economic development in Bahrain is a positive development, but the recent construction boom highlights the need to improve urban planning to cope with growing traffic. He lamented that Bahrain does not benefit from major oil reserves like its neighbors, and emphasized the government must do a better job of promoting investment. Over the last four years, he stated, the government had focused on political reform at the expense of economic reform. In the future there must be more balanced focus on both. Providing job training to Bahrainis was key, he said.

Increased Regional Cooperation Needed

3. (C) The PM stressed that the six countries of the Gulf Cooperation Council (GCC) should increase coordination in all areas. He said one summit meeting per year was not enough, and he noted wryly that there was no special forum for prime ministers. Although most GCC countries are so wealthy that they do not need to cooperate with anyone, they would all benefit from a common currency, electrical system, and railway.

U.S.-Backed Reforms Appreciated

4. (C) The PM said that the U.S.-Bahrain FTA was a positive step and that those who criticized Bahrain for signing it were out of line. He thanked the Ambassador for promoting increased investment between the two countries and for U.S. support of Bahrain's political and economic development. He noted in particular his appreciation for the work that the MEPI-sponsored American Bar Association (ABA) and Commercial Law Development Program (CLDP) projects were doing to improve the judicial system.

Bio Note

5. (C) Although the PM's powers have been somewhat clipped by recent Cabinet changes and another is expected by the end of the month, he was animated, in good spirits, and sharp throughout the 45-minute meeting. He mentioned that he continues to exercise regularly. The PM was eager to discuss television programs and spent approximately 15 minutes talking about his favorite U.S. television shows.

MONROE